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MEMORANDUM

Dept of State, RPS/IPS, Margaret P. Grafeld, Dir.
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Date 2/22/02 Exemption _____

TO: B - Mr. Dyer
ARA - Mr. Abrams ✓

FROM: B - Milton Charlton *MC*

SUBJECT: Senator Kerry Requests Hearing on Contra Crimes

Press reports last week said that Senator Kerry has assigned several staff members to conduct an intensive investigation of allegations of contra involvement in illegal activities.

Late last week Senator Kerry met with Senator Lugar to press for a hearing on the evidence of contra misdeeds found during that investigation. The attached memo to Kerry summarizes the allegations. Kerry's staff claims that they have numerous witnesses lined up, both American and foreign, though they refuse to identify them to Lugar's staff. They have spoken of seeking subpoena powers and witness protection assistance.

The staff investigation, under way for the last two months and based on allegations dating as far back as January 1985, has apparently been directed by Jonathan Winer, a Massachusetts lawyer. When queried by Lugar's staff, Winer would not give a straight answer as to whether there was evidence suggesting Administration complicity in the alleged misdeeds, though he hinted that there may have been Administration pressures not to investigate in some cases. Nor was he willing to share any of the evidence he has collected.

Lugar's staff has promised to investigate the allegations on their own, in order to determine whether they have any merit and whether a hearing is warranted, within the next two weeks. Initial plans are to inquire with the FBI and the CIA. The staff is anxious not to provide Kerry with a vehicle for publicizing his viewpoint, and also wants to avoid interfering in ongoing investigations, but believes that the issue cannot simply be ducked.

Attachment: as stated.

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Staff Memorandum

To: Senator Kerry

Re: Possible Crimes Committed by Contras

The following is a partial list of possible crimes committed by the contras and/or by their American supporters, as suggested by the information uncovered in the investigation to date:

A. Violations of the Neutrality Act and other prohibitions on direct citizen involvement in the affairs of other nations.

* B. Drug trafficking in the United States.

C. Export of firearms and munitions from the United States.

D. Currency violations during travel to and from the United States.

E. Recurring violations of the Foreign Agents Registration Act.

F. Violations of the Racketeering Influenced Corrupt Organizations (RICO) Act, and ongoing criminal enterprises by the contras.

G. Fraud in the disposition of US government and private funds intended for humanitarian aid to the contras.

H. Recurring passport fraud.

I. Conspiracy to commit murder; attempted murder; murder.

There are a number of separate, but related, groups and incidents involved in these crimes. They include the following allegations:

1. A conspiracy by contras and their American supporters to murder Eden Pastora, with the apparent knowledge, approval and participation of the leadership of the FDN and their American supporters.

* 2. A conspiracy by contras and their American supporters to murder Ambassador Tambs in August, 1985.

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3. The murder of Hull's driver, "David," on the Hull farm.

Spadafora

4. The murder of Dr. Hugo Spottiforo by contras engaged in drug smuggling in Costa Rica.

5. A conspiracy by contras and their American supporters to blow up the American embassy in San Jose, Costa Rica and to blame it on the Sandinistas, in August 1985.

6. An on-going drug smuggling operation connecting Columbia, Costa Rica, Nicaragua, and the United States, in which contras and American supporters, with the apparent knowledge of the contra leadership, handled the transport of cocaine produced in Columbia, shipped to Costa Rica, process in the region, transported to airstrips controlled by American supporters of the contras and contras, and distributed in the U.S.

7. Allegations have also surfaced regarding other drug smuggling operations involving shrimp boats operating out of Texas, Louisiana, and Florida.

8. On-going weapons smuggling operations engaged in by members of Civilian Military Assistance Group and others involved in private assistance to the contras.

9. On-going weapons smuggling operations engaged in by members of and persons associated with Brigade 2506 in Miami, Florida.

10. A variety of incidents taking place in California, Texas, Louisiana, and Florida suggesting that funds raised by FDN leadership, including the Caleros, have not been used for the purposes for which they were intended, and indicating massive corruption by the FDN leadership. Some of these incidents suggest skimming of funds, other diversion of goods intended for contra troops and resale to other markets.

11. Information suggesting that some of the \$27 million appropriated for humanitarian aid may have been handled fraudulently, with false documentation provided to the U.S. government.

12. Clear evidence of currency and passport violations, based on interviews with persons directly involved in private assistance to the contras and with the contra leadership.

13. Clear evidence of violations of the Foreign Agents Registration Act, based on interviews with persons directly involved in private assistance to the contras and with the contra leadership.

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Among the incidents publicly reported to date are:

--Transport of 6 tons of arms and munitions from contra sympathizers in the Miami area to Central America.

--Transport of arms from New Orleans by contra sympathizers to Central America.

--Participation by American citizens in a raid on a Sandinista camp 15 miles inside the Nicaraguan border in April 1985 that reportedly resulted in the shooting of dozens of members of the Nicaraguan military.

--Plotting of an assault on the US embassy in San Jose, Costa Rica, with Russian weapons to make the assault appear to be done by Sandinistas.

--The La Penca bombing of Pastora on May 30, 1984 in which four people were killed.

--The murders of David and Spottiforo.

Based on the information we have uncovered to date, we strongly urge that a formal investigation take place, which uses the subpoena and investigative power of Congress to learn the truth about these disturbing allegations.

To date, we have identified more than 120 potential witnesses for such an investigation.

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